Ventura County Star

Closing loopholes raises taxes on those who can't afford it

By Audra Strickland
Monday, March 3, 2008

Some in Sacramento have talked about closing "tax loopholes" as one of their solutions for California's budget problems. They argue that closing "loopholes" would only impact the rich and it is a necessary step to address the state's $16 billion deficit.

But California taxpayers should not be fooled. When the liberal politicians talks about tax loopholes, what they really mean is that they want to raise taxes. Despite their rhetoric, it is not the wealthy who will bear the brunt of their drive to raise taxes. It is hard-working families who will be stuck paying hundreds and even thousands of dollars in higher taxes.

Make no mistake, these are not giveaways to the rich we're talking about, but vital tax savings relied upon by many Californians. These tax credits let you keep more of your hard-earned tax dollars to spend on your family and contribute to our state economy.

One so-called loophole being targeted is the state tax credit for parents with children living at home, known as the dependent credit. This is not just a benefit for the rich. It provides important tax relief for all parents, letting them keep more in their pockets to pay for things like back-to-school supplies and clothes. Reducing the dependent credit would mean a $2.4 billion tax increase over the next two years and at least $200 in higher taxes on every family.

Also under attack is the senior citizen tax credit, which provides tax relief for seniors throughout California. Many senior citizens live on a fixed income and count every last penny each month to make ends meet. Even the most modest of tax relief can make a real difference as they strive to lead independent lives. Taking away the senior tax credit would mean a $255 million tax increase over the next two years, and $94 in higher taxes on every senior citizen in our state.

Another "loophole" liberals have talked about eliminating is the state home mortgage interest tax deduction. The homeowner's tax deduction provides significant savings that make it possible for many to afford the American dream of homeownership.

Eliminating the homeowner's tax deduction would raise taxes by $5.3 billion every year on California homeowners. Homeowners can expect to pay hundreds more in higher property taxes every year, which will hit working-class families especially hard. With California facing a record number of home foreclosures, eliminating the homeowner's tax deduction will make homeownership even more expensive for Californians already struggling to make their mortgage payments.

Allowing working Californians to keep more of their tax dollars is not a loophole by any stretch of the imagination — it's just plain common sense. If the politicians don't have your money, they can't spend it in the first place.

With a slowing housing market and a sluggish economy, raising taxes is the worst thing we could do to address our budget problems. In fact, we should do exactly the opposite and cut taxes to encourage a growing economy. Republicans and Democrats in Washington, D.C., recently joined together to do just that by passing an economic stimulus package that will give families up to $1,200 in tax rebates. This will encourage people to contribute more to the economy.

Parents, seniors and middle-class families should not be punished with higher taxes because Sacramento has spent too much for too long. I will continue to work with my colleagues in fighting hard for fiscal responsibility and to protect your wallet from irresponsible tax increases.